

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 EA-07 STR-04 INT-05

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

SP-02 /051 W

----- 120495

R 171900Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3997

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 1414

E.O.. 11652: N/A

TAGS: BEXP, BR

SUBJECT: SIDERBRAS STEEL EXPANSION PROGRAM

REF: BRASILIA 0893

1. AT FEBRUARY 2 MEETING WITH EMBASSY MINERALS OFFICER AND CONGEN SAO PAULO OFFICER, ABDIB EXECUTIVE SECRETARY SYLVIO DE AGUIAR PUPO (SEE REFTTEL) EXPRESSED FEAR THAT JAPANESE MAY SWEEP THE EQUIPMENT FIELD ON SIDERBRAS STAGE THREE EXPANSION PROGRAM, JUST AS THEY DID ON SECOND STAGE A FEW YEARS AGO. AS HIS CASE IN POINT, PUPO CITED PRICES OFFERED BY EQUIPMENT SUPPLIERS FOR USIMINAS PACKAGE NO. E-302 (ORE TRANSPORTATION AND SINTER SCREENING EQUIPMENT, COMPRISED OF BELT CONVEYOR, COLD SCREENS, ELECTRICAL EQUIPMENT, ROD MILL, SECONDARY CRUSHER AND WEIGHING SYSTEM). ACCORDING TO PUPO, SUPPLIER PRICES FOR COMPARISION PURPOSES (INCLUDING INCENTIVES) WERE AS FOLLOWS: (1) NIPPON CONVEYOR (JAPAN) - IMPORTED COMPONESTS: CR\$67,184,000; NATIONALLY-MADE COMPONENTS CR\$14,942,000; TOTAL PRICE CR\$82,126,000; (2) INAMURA (JAPAN) - IMPORTED COMPONENTS CR\$50,578,000; NATIONAL MADE COMPONENTS CR\$16,946,000; TOTAL PRICE CR\$67,574,000; (3) FABRICA ACO PAULISTA (BRAZILIAN FIRM OWNED BY ALLIS-CHALMERS) - TOTAL

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PRICE CR\$140,273,000, ALL COMPONENTS MADE IN BRAZIL; (4)

LPW (BRAZILIAN FIRM WITH MINORITY LINK-BELT SHAREHOLDING) -
IMPORTED COMPONENTS CR\$27,530,000; NATIONAL FLAMADE COMPONENTS
CR\$143,895,000; TOTAL PRICE CR\$171,425,000.

2. PUPO STATED THAT ABDIB IS CONTINUING TO APPLY PRESSURE
ON GOB AND SIDERBRAS TO TRY TO ENSURE THAT AT LEAST 50 PER-
CENT OF THE STAGE THREE EQUIPMENT COMES FROM BRAZILIAN MANU-
FACTURERS. HE DID NOT SPECIFY, HOWEVER, WHAT MEANS ARE BEING
USED, OTHER THAN A PRESS CAMPAIGN AND APPEALS TO THE MINISTER
OF FINANCE AND INDUSTRY AND COMMERCE, WHICH HE FRANKLY CONCEDED
HAVE HAD LITTLE EFFECT TO DATE. PUPO DID NOTE, THOUGH,
THAT USIMINAS HAS NOT YET MADE FINAL DECISIONS ON EQUIPMENT
PACKAGES, INCLUDING THE CASE CITED ABOVE, SO HE REMAINS HOPEFUL
THAT SOMETHING CAN STILL BE DONE.
CRIMMINS

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Margaret P. Grafeld
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